

Message Text

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ORIGIN NEA-09

INFO OCT-01 ISO-00 AEC-05 AID-05 CEA-01 CIAE-00 CIEP-01

COME-00 DODE-00 EB-07 FPC-01 H-01 INR-07 INT-05 L-02

NSAE-00 NSC-05 OMB-01 PM-03 RSC-01 SAM-01 OES-03

SP-02 SS-15 STR-01 TRSE-00 FRB-03 FEA-01 /081 R

DRAFTED BY NEA/AFN:WSWEISLOGEL

APPROVED BY NEA/AFN:MWWILEY

EB/FSE:WWHITMAN (SUBS)

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R 291800Z JAN 75

FM SECSTATE WASHDC

TO AMEMBASSY ALGIERS

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E.O. 11652: N/A

TAGS: ENRG, AG

SUBJECT: DISTRIGAS II NEGOTIATIONS BREAK DOWN

1. ATTORNEY FOR DISTRIGAS INFORMED DEPARTMENT OFFICER THAT TALKS BETWEEN CABOT CORPORATION AND SONATRACH ON DISTRIGAS II CONTRACT HAVE BROKEN DOWN. AS RESULT, COMPANY BELIEVES IT CANNOT INVEST ANY MORE MONEY IN STATESIDE LNG HANDLING FACILITIES AND HAS, IN FACT, ABANDONED ITS STATEN ISLAND RECEIVING TERMINAL AND IS WRITING OFF THF LOSS. TERMINAL PROBABLY CANNOT BE SOLD TO OTHER PROSPECTIVE IMPORTERS AS, IN HIS OPINION, WHOLE LNG TRADE NOW IN JEOPARDY BECAUSE OF U.S. ENERGY POLICY RELATED TO PROJECT INDEPENDENCE, DELAYS IN GETTING FPC APPROVAL FOR CONTRACTS AND HIGHER LNG PRICES. TERMINAL TOO SPECIALIZED AND EXPENSIVE TO OPERATE TO BE DIVERTED TO OTHER FUEL STORAGE.

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2. ATTORNEY STATED THAT NEGOTIATIONS, ALTHOUGH DIFFICULT,

HAD BEEN PROCEEDING REASONABLY WELL UNTIL DECEMBER, AND
ASKED WHY ALGERIANS SUDDENLY BECAME RECALCITRANT AND
ACTUALLY SEEMED TO WANT TALKS TO FAIL. WHILE HE RECOGNIZED
ALGERIANS MIGHT MERELY BE STALLING IN HOPE TIME WOULD
LEVER PRICES UP AGAIN, HE SAID HE WAS CONVINCED PRICE WAS
NOT THE ONLY FACTOR, AND WONDERED WHAT MIGHT BE REQUIRED TO

MOTIVATE ALGERIANS QUOTE: TO CONTINUE TO DO BUSINESS WITH
US. END QUOTE.

3. LAST REMARK IMPLIES DISTRIGAS MAY NOT HAVE GIVEN UP
ON SECOND CONTRACT AND WOULD LIKE TO CONTINUE TALKS.
EMBASSY'S COMMENTS ON SPECULATIONS REPORTED PARA TWO
ABOVE AND ANY FURTHER INFO ON STATUS DISTRIGAS II CONTRACT
WOULD BE APPRECIATED. KISSINGER

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Message Attributes

Automatic Decaptioning: X
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Draft Date: 29 JAN 1975
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Disposition Approved on Date:
Disposition Authority: johnsorg
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
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05 JUL 2006

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To: ALGIERS
Type: TE
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